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Brexit has its biggest impact to date with 46% of Irish businesses experiencing negative impact

- Sentiment among ROI businesses at -52, lowest since study began with negative impact on business now main reason.
- Tourism, food and drink and retail sectors most impacted so far in ROI.
- 64% of ROI SMEs have begun planning or investigating the implications of Brexit.

The [AIB Brexit Sentiment Index for Q1 2019](#) reveals that two thirds (64%) of SMEs in the Republic of Ireland (ROI) have begun formally planning for or investigating the implications of Brexit – up sixteen percent on the last survey. 56% of SMEs in Northern Ireland (NI) have yet to start their Brexit planning or inquiries. Concerns over Brexit continue to impact investment plans, with 53% of ROI SMEs and 66% of NI SMEs that planned to invest in their business now reviewing, postponing or cancelling their plans.

The Brexit Sentiment Index baseline is zero, with a potential range from +100 to -100. For Q1 2019, the Index registered a score of -52 in the ROI, from -41 in Q4 2018, and -31 in Q1 2018. Sentiment in Northern Ireland fell to -38 for Q1 2019 from -31 in Q4 2018. The rise in negativity in ROI is driven by the feeling among SMEs that Brexit is starting to impact business now (46% of them agree compared to 25% in September 2018), with a rising number concerned about the impact Brexit could have on their business in the future (76%).

In the Republic of Ireland the index is at its lowest point for most sectors, with the food & drink sector the most negative, registering a new low (-56), closely followed by the tourism (-55) and retail (-53) sectors. The percentage of businesses reporting a negative impact on sales in the ROI is now 23%, double the level measured in September 2017 (12%).

Catherine Moroney, Head of Business Banking AIB said “The overall sharp decline in Irish business sentiment in ROI to an all-time low of -52 (from a previous low of -41) reflects the heightened uncertainty that businesses were experiencing throughout the month of March 2019 when this wave of Brexit Sentiment Research was undertaken. Sentiment has dropped to its lowest levels across most sectors, with key economic sectors of retail, tourism, manufacturing and transport registering a significant decrease in sentiment. It is encouraging to see that businesses have substantially increased their level of Brexit preparedness with 64% of Irish businesses now stating that they have started, or completed their formal Brexit Planning (up from 48%). Businesses have told us their three main concerns in the event of a hard Brexit are that trade with the UK would be less profitable, Irish customers spending less and the knock-on effect of a wider economic downturn in Europe.”

“We encourage all businesses to ensure they have considered and prepared for the potential Brexit impacts on their business, in particular on their import and export flows. The AIB Brexit Help line

(0818 300 801) is now active from 8am to 9pm Monday to Friday to assist our customers complete their banking and cashflow preparations. Customers can find out more about AIB's Brexit solutions at www.aib.ie/brexit."

AIB Chief Economist Oliver Mangan said "The deterioration in the Brexit sentiment index in the Republic of Ireland was evident across a range of sectors in the survey – retail, tourism, manufacturing and food and drinks. Some 46% of respondents indicated that Brexit is having a negative impact on their business now, up from 25% and 32% in Q3 and Q4 2018, respectively. The survey also reveals deepening concerns amongst an increasing number of SMEs in the ROI about the future impact of Brexit, with 76% saying that it will have a negative impact on their business in the future and 81% expecting the wider economy effect to be negative."

AIB's Brexit Sentiment Index conducted by Ipsos MRBI is a quarterly survey of more than 700 SMEs in the Republic of Ireland and Northern Ireland that assesses the attitudes of SME business leaders on Brexit and the impact on their businesses.

ENDS

Note: The AIB Brexit Sentiment Index is based on detailed telephone interviews conducted by IPSOS MRBI from its call centres in Dublin and Belfast among 500 SMEs in the Republic of Ireland and 200 in Northern Ireland, operating in a number of key defined sectors.

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